

# Alabama Medicaid Hospital Program

April 27, 2016

---

STEPHANIE MCGEE AZAR  
COMMISSIONER  
ALABAMA MEDICAID AGENCY



# AGENDA

---

- Overview
- Expenditures
- Funding



# Hospital Overview

---



# FY 2015 Medicaid Hospital Expenditures by County

Counties without a hospital:

Chilton  
Cleburne  
Coosa  
Henry

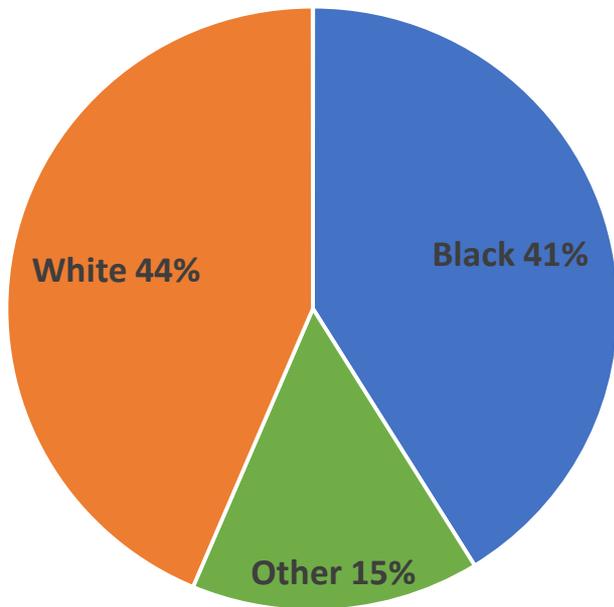
Lamar  
Lowndes  
Macon  
Perry



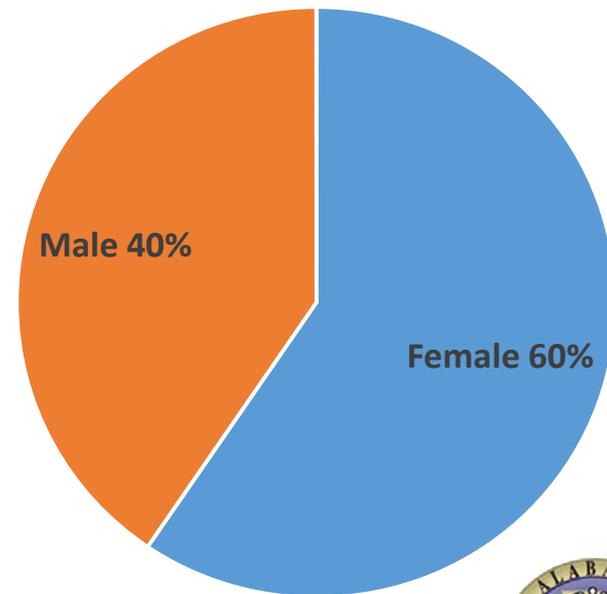
# Inpatient and Outpatient Expenditures by Race & Gender

---

**Inpatient/Outpatient Expenditures By Race**



**Inpatient/Outpatient Expenditures By Gender**



# Hospital Overview

---

- General Hospitals

• Private	46
• Public	42
• State Owned	<u>3</u>
• TOTAL	91

- Among individual hospitals Medicaid occupancy ranges from 1% to 71%

- Average Medicaid occupancy of private hospitals – 14%
- Average Medicaid occupancy of public and state hospitals – 18%



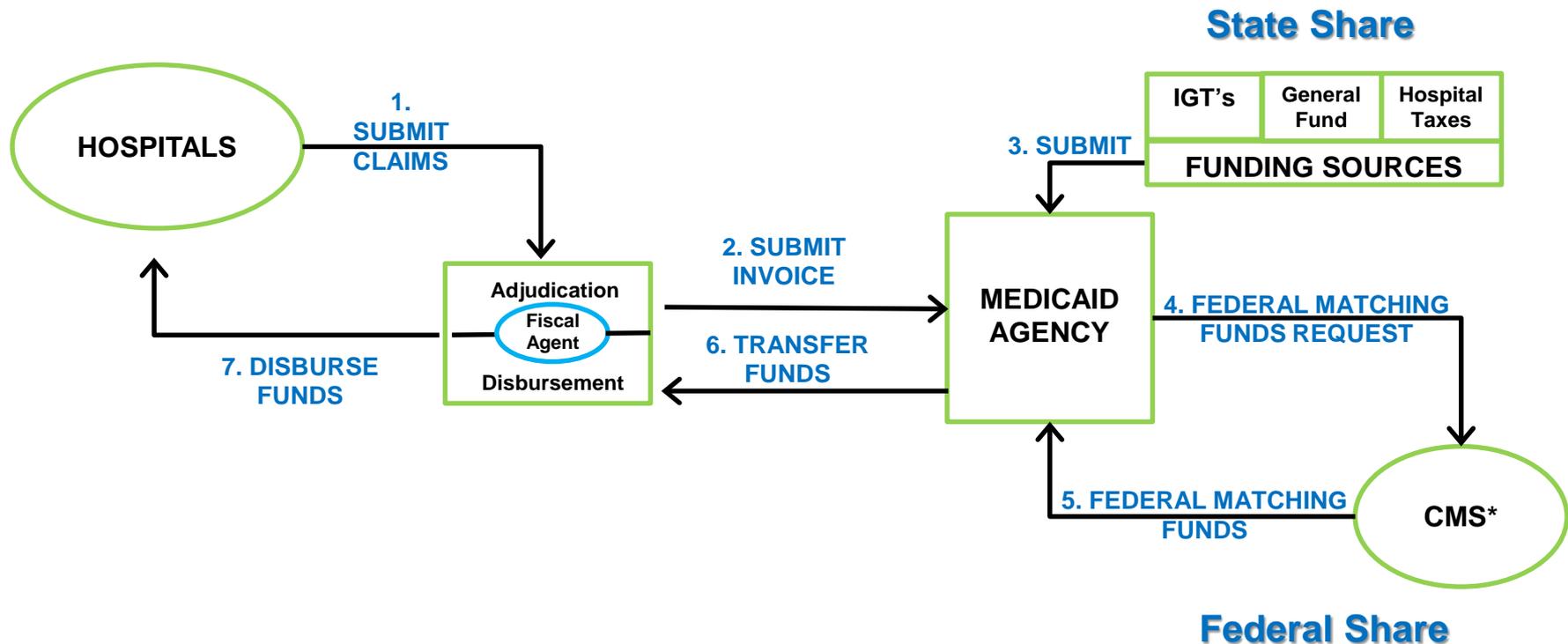
# Medicaid is Critical to Children in Alabama

---

- Highest hospital inpatient Medicaid occupancy rates
  - Children's Hospital in Birmingham – 57%
  - Women's and Children's in Mobile – 71%



# HOSPITAL REIMBURSEMENT PROCESS (PAID TWICE PER MONTH)



\* Center for Medicare & Medicaid Services



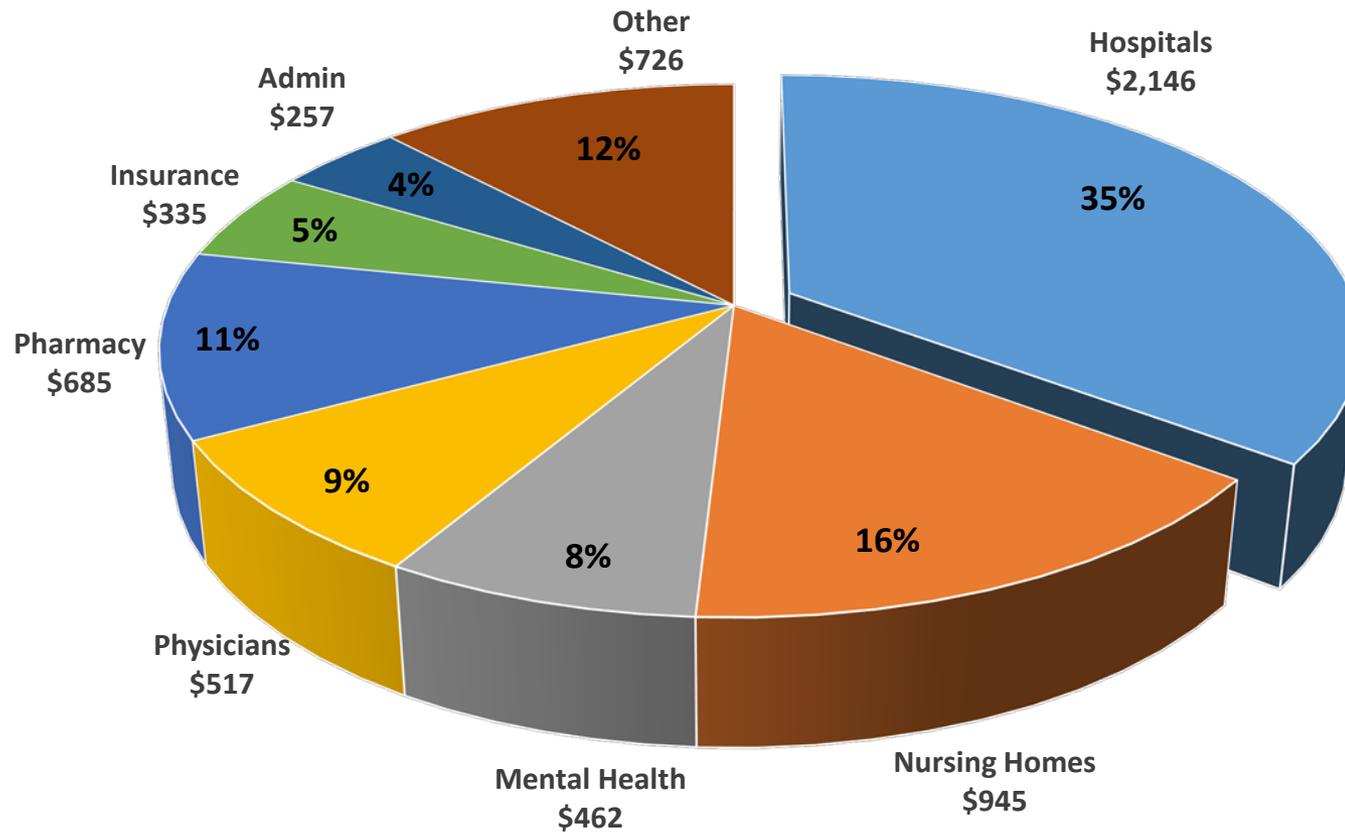
# Hospital Expenditures

---



# FY 2015 Medicaid Funding Analysis

## Benefit Payments and Administrative Costs (in millions)



Benefit Payments: \$5.8 billion  
96%



# Hospital Reimbursement

---

- Hospitals are paid on a per diem basis for inpatient claims and fee schedule for outpatient claims.
- These claim payments are less than costs.
- Hospitals are also paid supplemental payments (access payments) to increase the reimbursement for the difference between claim payments and costs.
- CMS approves this process and related amounts annually.
- Claim payments are made as they are incurred, supplemental payments are made quarterly.



# Total Inpatient/Outpatient Reimbursement 2015

---

	Claims Payments	Access Payments	Total
Inpatient Services	\$715,790,508	\$385,087,414	\$1,100,877,922
Outpatient Services	138,958,021	194,325,046	333,283,067
<b>TOTAL</b>	<b>\$854,748,529</b>	<b>\$579,412,460</b>	<b>\$1,434,160,989</b>



# Other Expenditures Categorized in the Hospital Budget Line

	FY 2015	FY 2016	FY 2017*
Hospital Medicaid IP/OP	\$1,434,160,989	\$1,453,190,978	\$80,152,053
Disproportionate Share Hospital (DSH)	480,211,247	478,299,211	480,211,247
Out of State Hospitals	20,013,916	19,911,784	20,000,000
IP/OP for Duals	40,096,148	40,000,000	40,000,000
FQHCs/RHCs	60,232,116	61,700,491	31,929,939
Inpatient Psychiatric Services	73,488,977	73,531,117	40,475,203
Renal Dialysis	12,149,671	12,271,167	3,904,072
Ambulatory Surgical Centers	3,363,769	3,442,345	173,838
Transplants	20,293,170	20,293,170	20,293,170
Medicaid Emergency Psychiatric Demo	2,078,328	0	0
<b>TOTAL</b>	<b>\$2,146,088,331</b>	<b>\$2,162,640,263</b>	<b>\$717,139,522</b>

\*FY 2017 estimates based on RCO implementation



# Expenditures Categorized in the Hospital Budget Line

	Total Expenditures	State Share
Hospital Medicaid IP/OP	\$1,434,160,989	\$444,733,323
DSH	480,211,247	148,913,508
Out of State Hospital	20,013,916	6,206,315
IP/OP for Duals	40,096,148	12,433,815
FQHCs/RHCs	60,232,116	18,677,979
Inpatient Psychiatric Services	73,488,977	22,788,932
Renal Dialysis	12,149,671	3,767,613
Ambulatory Surgical Centers	3,363,769	1,043,105
Transplants	20,293,170	6,292,916
Medicaid Emergency Psychiatric Demo	2,078,328	644,490
<b>TOTAL</b>	<b>\$2,146,088,331</b>	<b>\$665,501,991</b>

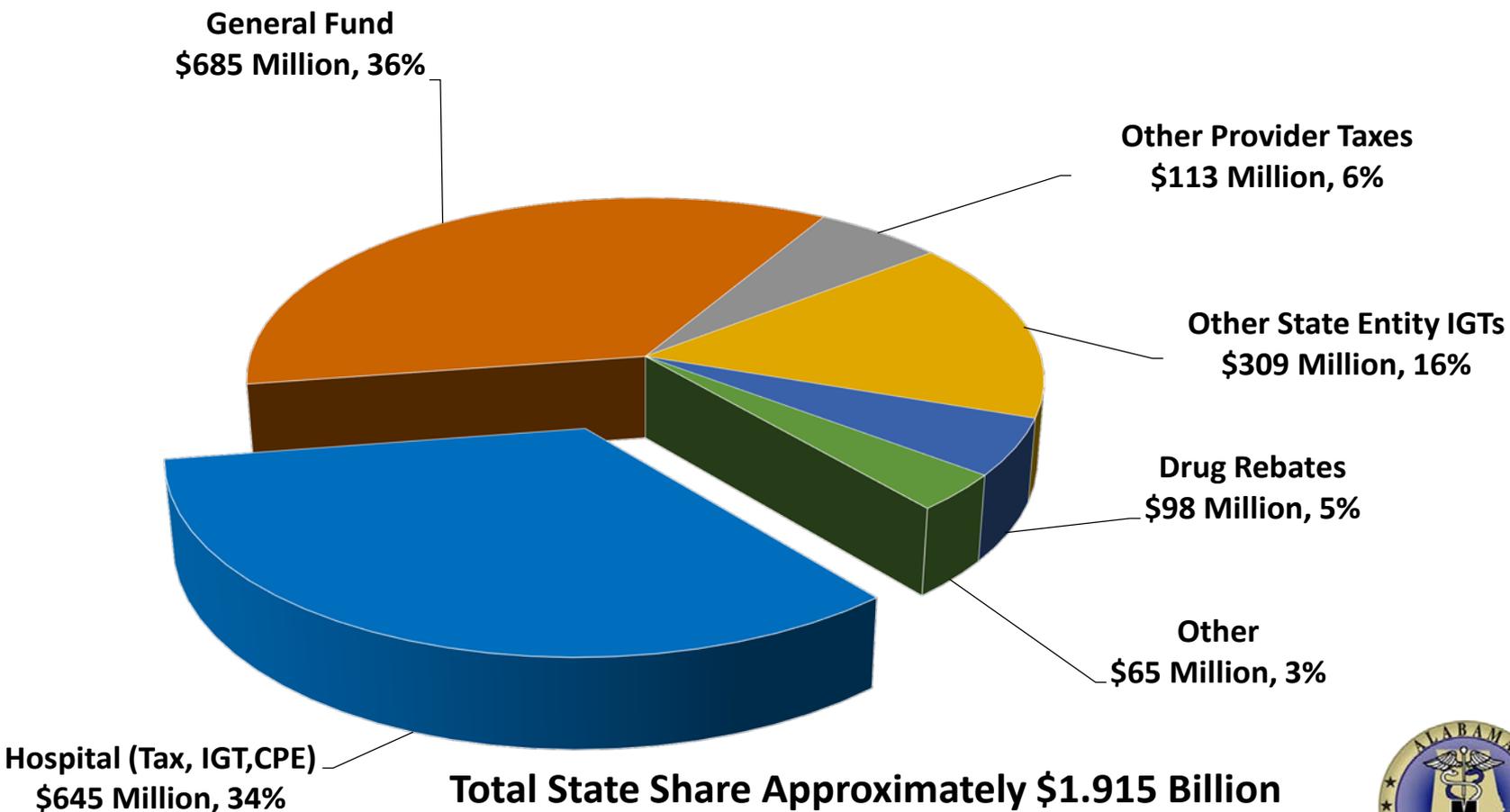


# Hospital Funding

---



# FY 2015 State Share Sources



# Hospital Funding FY 2015

---

- Private hospitals pay provider tax – 5.5% of total net patient revenues – not just Medicaid revenue
  - \$258 million
- Public/state hospitals pay state share of their invoices through Intergovernmental Transfers (IGTs)
  - \$235 million
- Public/state hospitals also provide additional state share through Certified Public Expenditures (CPEs)
  - \$152 million



# Summary

---

- Hospitals are self funded
- Medicaid is vital to the hospital system in Alabama, particularly to the two hospitals for children
- Provider contributions have allowed Medicaid to maximize federal matching dollars to the extent possible so that General Fund dollars have not been needed to fund hospitals for many years
- Medicaid is vital to the health care system of Alabama

